# GOVERNMENT OF INDIA
# CIVIL AVIATION
# LOK SABHA

UNSTARRED QUESTION NO:1853
ANSWERED ON:10.12.2015
Outstanding Loan on Air India
Satav Shri Rajeev Shankarrao

**Will the Minister of CIVIL AVIATION be pleased to state:**

(a) the total outstanding loan on Air India and the name of the companies institutions from whom the said loans have been taken;

(b) whether the Government proposes to provide financial assistance to revive Air India and if so, the details thereof;

(c) whether the said assessment has been done after comprehensive study of the company, if so, the details thereof;

(d) the total expenditure incurred by Air India and Indian Airlines on complementary/concessional tickets during the last three years and the current year;

(e) whether the major reasons of loss to airlines industry have been ascertained; and

(f) if so, the details thereof?

## Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a): As on 31.10.2015, the total outstanding working capital loans and the aircraft loans of Air India are Rs.30,139 crores and Rs.22,338.62 crores respectively. Air India Charter Limited has aircraft loans equivalent to Rs.1726.33 crores. However, details of names of companies from where the loans have been taken are commercially confidential and in view of commercial interest of the company, the information cannot be revealed.

(b) and (c) : In view of the losses suferred by Air India upto 2010-11 and its mounting debt burden, the Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 12.04.2012, approved a Turnaround Plan (TAP)/ Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India. The TAP/FRP prepared by AI in consultation with SBI Caps has been considered by a Group of Officers (GOO), and thereafter by the Group of Ministers (GoM). The Company has achieved most of the target set out in the TAP milestones, and has made substantial progress in both operational as well as financial areas. In this regard, an Oversight Committee comprising of Secretary Civil Aviation, Secretary Expenditure, AS&FA and Joint Secretary of the Ministry of Civil Aviation has been constituted to closely monitor performance of Air India vis-a-vis milestones set in the TAP.

The financial performance of Air India in FY 2014-15 in comparison to FY 2011-12 , when the Turnaround Plan was initiated is as follows:
(i) The Operating Loss has consistently reduced since merger and in 2014-15, the same stands at Rs.2636.19 crores as compared to Rs.5138 crores in 2011-12.

(ii) As per 2014-15, the Net Loss is Rs.5859.91 crores as against the loss of Rs.7559.74 crores in 2011-12 i.e. a reduction by 22.5%.

(iii) The Company has turned EBIDTA positive by Rs.337.77 crores in 2014-15 as against the negative EBIDTA of Rs.2236.95 crores in 2011-12.

(iv) Total Revenue increased from Rs.14713.81 crores in 2011-12 to Rs.20606.27 crores in 2014-15 i.e. by Rs.5892.46 viz by 40.1% as compare to levels of 2011-12.

(d): The Complementary tickets are free of charge. Hence, there is no expenditure incurred on the same by the Company. Further, the parties to whom complementary tickets are issued have to bear the cost of all applicable taxes like Passenger Service Fee and User Development Fee,
Airport Tax etc.

(e) and (f): Losses have been suffered by Aviation Industry in India for the past many years on account of a multitude of factors which include the following:

(i) High fuel prices
(ii) High interest burden
(iii) High Airport User Charges
(iv)Liberalized bilaterals to foreign carriers
(v)Adverse impact of exchange rate variation due to weakening of the Indian Rupee.